GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:991
ANSWERED ON:29.07.2005
MODERNISATION OF TEXTILE MILLS
Oram Shri Jual

Will the Minister of TEXTILES be pleased to state:

(a) the number of cotton/man-made Fiber Textiles Mills in the country;

(b) whether the Government has any proposal to modernize these mills;

(c) if so, the steps taken to upgrade / modernize these mills; and

(d) the fund earmarked to develop the existing mills during the last three years, mill-wise?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) The number of cotton/man-made Fiber Textiles Mills (non-SSI) in the country as on 30.06.05 was 1783.

(b)&(d): In order to provide impetus to the modernization of textile and jute industry, Government has launched the Technology Upgradation Fund Scheme (TUFS), which is in operation since 01.04.1999 to 31.03.2007. A brief of this Scheme is enclosed at Annexure-I.

(d) Under this Scheme, fund is provided in the shape of loan at the reduced interest rate in respect of those mills which need modernisation and approach nodal agencies/co-opted institutions with a project which is in conformity with this Scheme. Loans under the Scheme are provided by the nodal agencies/co-opted institutions as per their financial norms. The Government funding, however, is limited to providing capital subsidy or reimbursement of 5% interest charged by the financial institutions/banks. Accordingly, the funds provided by the Government during the last three years under this Scheme is as follows:-

Year	Amount
	(In Rs. Crores)
2002-2003	202.59
2003-2004	249.07
2004-2005	283.60

Annexure-I

Scheme for the Technology Upgradation of Textile Mills

In order to provide impetus to the modernization of textile and jute industry, Government of India, Ministry of Textiles has launched the Technology Upgradation Fund Scheme (TUFS), which is in operation since 01.04.1999 to 31.03.2007. The Scheme mainly provides for reimbursement of five percent interest charged by the financial institutions/banks for technology upgradation projects in conformity with the Scheme. In addition to this the following incentives are also provided under this Scheme:-

i) coverage of exchange rate erosion not exceeding 5% points per annum in respect of foreign currency loans instead of 5% interest support;
ii) for small scale textile and jute industrial units an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;

iii) For small scale powerloom units an additional option of credit linked 20% capital subsidy for powerloom and weaving preparatory machinery, upto a cost of Rs. 100 lakh, with the facility to obtain credit from an enlarged credit network that includes all cooperative banks and other genuine non-banking financial companies (NBFCs) recognized by the Reserve Bank of India.
iv) For speedy modernisation of the textile processing sector, w.e.f. 20.04.05, a credit linked capital subsidy @10%, in addition to the existing 5% interest reimbursement.

2. Objective of the Scheme:

The main objective of the scheme is to make available funds for the Indian textile industry for technology upgradation of existing units as well as to set up new units with state of the art technology so that its viability and competitiveness in the domestic as well as international markets may enhance.

3. Scope of the scheme :

The following segments of the textile and jute industry are covered under the Scheme:-

a) Textile industry covering:-
i) Silk reeling and twisting
ii) Wool scouring and combing
iii) Synthetic filament yarn texturising, crimping and twisting
iv) Spinning
v) Viscose Filament Yarn (VFY)
vi) Weaving, knitting including non-wovens, fabric embroidery & technical textiles
vii) Garment/made-up manufacturing
viii) Processing of fibres, yarns, fabrics, garments and made-ups b) Jute industry

4. Nodal Agencies:

The nodal agencies under the scheme for different segments are as follows:-

Segment	Nodal Agency
Textile Industry (excluding SSI Sector)	IDBI
SSI Textile Sectors	SIDBI
Jute Industry	IFCI

5. Type of textile machinery eligible :

Generally, only new machinery which has been listed under the scheme, will be permitted. However, in certain categories, which are also listed, import of second hand machinery with a minimum residual life of 10 years by the eligible applicant unit will be permitted subject to maximum expired life (vintage) of 10 years as reckoned from the year of manufacture. Eligibility of any other textile machinery equal to or higher than the benchmarked technology not listed under the scheme or developed in the course of the operation of TUFS will be, suo motu, or, on reference, specifically determined by the Government.

6. General eligibility conditions:

Any textile unit, which is eligible as per the normal lending norms of the concerned financial institutions and fulfils the benchmark criteria of the scheme, can avail of funds under the Scheme. However, the following types of units are eligible under the scheme.

(i) Existing unit with or without expansion and new units.

(ii) Existing units can modernise and / or expand with the state-of-the-art technology.

(iii) New units must set up their entire facilities only with the appropriate eligible technology.

(iv) An unit can undertake one or more activities in an integrated manner as specified in the scheme.

7. Functioning of the Scheme:

Loans under the scheme are extended by the nodal agencies/co-opted institutions to the identified segments of the industry for the projects in conformity with the scheme and financial norms of the Financial Institutions concerned. The Government funding is limited to reimbursement of 5% interest charged by the financial institutions/banks (IDBI, SIDBI, IFCI) on a project of technology upgradation in conformity with the scheme.

8. Monitoring and Review of the Scheme:

For monitoring and review, an Inter-Ministerial Steering Committee (IMSC) under the Chairmanship of the Secretary (Textiles) has been constituted. This committee normally meets on a quarterly basis. A Technical Advisory and Monitoring Committee (TAMC) under the chairmanship of the Textile Commissioner has also been constituted to interpret, or clarify any technical issues raised by any of the nodal agencies regarding the eligibility of any unit or machinery under the scheme. The TAMC generally meets every month. TAMC also provides technical advise to the IMSC and also monitors the progress on a regular basis.